

FEDERAL BUREAU OF INVESTIGATION

Precedence: Routine

Date: 01/15/2003

To: Houston

Attn:

From: Houston

Enron Task Force - Washington, D.C.

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 196C-HO-59147 SUB INSIDER (Pending)
196C-HO-59147 SUB BROADBAND (Pending)
196C-HO-59147 SUB SKILLING (Pending)

Title: ENRON;
MAJOR CASE 187

Synopsis: Summary of public information on Enron Corporation's (Enron) relationship with Harvard University.

Reference: 1/10/03 FD-302 interview of [REDACTED] regarding Enron Corporation, and 1/10/03 FD-302 interview of [REDACTED] regarding Harvard Management Company.

Details: On 1/10/03, [REDACTED] was interviewed by members of the Enron Task Force, in Washington, D.C. [REDACTED]

After [REDACTED]

[REDACTED] provided the FBI with information on possible illegal activities by the Enron traders and HMC traders (See FD-302s).

Harvard University's Board of Directors

[REDACTED] became the President of Harvard University. [REDACTED]

The unelected seven-member Harvard Corporation is the University's highest governing body, and does not release their meeting times, agendas or notes. There is no process to appeal Corporation decisions.

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196C-HO-59147-Insider-31

To: Houston
Re:

From: Houston
196C-HO-59147 SUB INSIDER, 01/15/2003

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Capricorn Holdings, Inc. Negative (one reference to a
Capricorn Holdings Int. Ltd,
registered in the B.W.I.)

Harken Energy Corporation Two references

Harvard Electricity Policy Group Negative

Harvard Management Corporation Negative

Highfields Capital Management Negative

Investigative Steps

1. Discuss whether further investigation (FBI Boston?)
should be conducted on Highfields purchase of:
 - A. Puts on 1,200,000 Enron shares, valued at \$58 million
as listed during the quarter ending 6/30/01.
 - B. Puts on 2,300,000 Enron shares, valued at \$62 million
as listed during the quarter ending 9/30/01.
2. Discuss whether further investigation should be
conducted on [REDACTED]
[REDACTED] to determine whether he
obtained "insider" information and gave that information
to HMC (FBI Boston Division?).
3. Discuss whether further investigation should
be conducted on operations at HMC, to determine whether
their traders (who received the million dollar bonuses)
violated "insider trading" rules (FBI Boston Division?).

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HMC and Harken Energy Corporation³⁰

HarvardWatch reported that HMC was a major investor in Harken Energy Corporation (Harken). The Wall Street Journal reported in 2002 that in 1990, one of HMC's board members was a political supporter of then President George H.W. Bush. In 1990, [redacted] was then a [redacted] consultant to Harken [redacted]

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[redacted]
Others said Harvard began talks with Harken in April 1986, well before [redacted] joined Harken.

[redacted] ended up at Harken as a result of a series of sales [redacted]
[redacted] Just after [redacted]
HMC became one of its biggest backers, ultimately buying 30% [redacted] of its stock, lending it millions of dollars and transferring oil properties to it. HMC invested \$30 million (some reports indicated it was only \$20 million) in Harken.

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Author [redacted] wrote that Harvard's Harken investments in oil and gas would eventually generate nearly \$200 million in losses for the endowment, and alleged that Harken was nothing more than a money laundering operation, given the substantial corporate losses suffered over time by a company into which HMC kept pouring its endowment contributions and inheritance trust receipts.

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Author [redacted] wrote that under questioning by SEC investigators, [redacted] [redacted] said that he solicited the shares at the behest of an institutional investor, which he did not name. [redacted] revealed that "available evidence suggests the investor was Harvard."

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Name checks in FBI ACS

[Large redacted box]

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